GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2174
ANSWERED ON:11.12.2015
Insurance Claims
Reddy Shri Ponguleti Srinivasa

Will the Minister of FINANCE be pleased to state:

(a) whether any time limit has been fixed for payment of insurance claims by the public/private sector insurance companies to the victims/families in case of injury or death in road accidents;
(b) if so, the details thereof and claims reported/settled by life and non-life insurance companies and Motor Accident Claims Tribunals (MACT) along with the details of maximum and minimum compensation awarded to the accident victim families during the last three years and the current year, company and State-wise; and
(c) the steps taken/being taken by the Government to speedy settlement of insurance claims?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b): As per the Insurance Regulatory and Development Authority of India's (Protection of Policyholders interest) Regulations 2002, the Authority has prescribed time limits for resolution of insurance claims. However, due to the nature of Motor Third Party Liability, the resolution is generally through the courts of law. Wherever liability is clean and undisputed, resolution through Lok Adalat and out of court settlements by Insurers is encouraged to reduce the time involved in such settlements.
The insurers-wise data on claim settled/paid in respect of Motor Third Party liability for last three years is annexed.

(c): Sec 140 of Motor Vehicle Act, 1988 defines that the liability to pay compensation in certain cases can be discharged on the basis of the Principle of No Fault (i.e. the claimant involved in a motor vehicle accident is not required to prove wrongful act, neglect or default on the part of the owner of the vehicle or by any other person). Based on this principle, many cases get settled quickly. Also, wherever liability is clean and undisputable, resolution through Lok Adalat and out of court settlements by Insurers is encouraged to reduce the time involved in settlements.
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